

RETURN

(40b)

CORRESPONDENCE BY CABLE BETWEEN THE PRIME MINISTER AND MR. PERLEY FROM AUGUST 4th TO AUGUST 13th, 1914.

From the Prime Minister to Mr. Perley.

OTTAWA, August 4, 1914.

PERLEY,
Dominion,
London.

Please cable enacting clauses of Moratorium Act.

BORDEN.

From Mr. Perley to the Prime Minister.

LONDON, August 5, 1914.

SIR ROBERT BORDEN,
Ottawa.

Following is outline of scheme described to House of Commons by Chancellor of Exchequer for state insurance war risks. State will deal with and through existing associations, or clubs, or any others which may be formed and approved, on condition that they extend existing forms of policy to cover war risks up to arrival of vessel at final port of voyage which it is making when war breaks out, and for ten clear days afterwards. Arrangements are also to be made for issue of similar policies on vessels starting voyage after war breaks out, and for this purpose Government is to make agreement with each of the associations, principal conditions of which are:

(1) Government to re-insure eighty per cent all those risks.

(2) In respect of voyages current on outbreak war no premium to be charged, but in respect voyages begun after outbreak state is to fix insurance premium to be charged on a voyage basis and is to receive eighty per cent of such premium.

(3) State to have right to vary premiums time to time within maximum of five per cent and minimum one per cent and rate agreed on for specific voyage to hold good if vessel sails within fourteen days; if starting delayed by orders of Admiralty, the assured is to have option of cancelling policy.

(4) The associations are to assume remaining twenty per cent of risks both before and after outbreak war, receiving for voyages after outbreak twenty per cent of premiums.

(5) All expenses administration borne by clubs.

(6) Claims to be dealt with and settled by committee of associations upon which Government to be represented. Foregoing applies to hulls only.

In regard to cargoes, there being no existing mutual associations formed specially for purposes of dealing with war risks, it is necessary to set up offices for purpose

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which has already been done with expert advisory board containing official element. This state office will insure cargoes in British ships insured under the scheme which start on voyages after outbreak war, rate of premium to be flat one irrespective of voyage or character of cargo, rate capable of variation from time to time within maximum five guineas minimum one guinea per cent.

Scheme not confined to voyages of ships bringing food supplies and raw materials to United Kingdom, it being considered vital that British shipping in every part of world should be protected. Scheme to come into actual effect when public notice given.

PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 5, 1914.

Sir ROBERT BORDEN,
Ottawa.

Following is translation decrees issued by French Republic:

The President of the French Republic, on the report of the Minister of Commerce and Industry, Posts and Telegraph, Minister of Justice and Minister of Finance, in view of Law of 27th January, 1910, relating to extensions and delays of protests and acts intended to maintain recourse in the matter of negotiable values, in view of Law of 24th December, 1910, extending maturities, and in view of commercial code, the Council of Ministers, being advised, decrees that the delay within which protests and acts intended to maintain recourse in respect of all negotiable values, souscrits signed before 1st August, 1914, matured since that date, or becoming due before August 15th, 1914, are extended for thirty days free. The same extension of thirty days free to all negotiable values becoming due before 15th August, 1914.

NEW DECREE.

Art. 1. The prolongation of the delay fixed for the negotiable values fixed by decree of 31st July, 1914, will apply to the giving up of cash deposits and credit balances of current accounts in banks and credit establishments or deposits under following reserves. Any depositor or creditor whose deposit or balance in his favour will be inferior or equal to two hundred and fifty francs, will have the right to effect its entire withdrawal; above the figure of two hundred and fifty francs depositors or creditors who have a staff of workmen or clerks in the execution of an industrial and commercial profession will have right to claim of the amounts belonging to them the total of the amount of the salaries on each payment date, they being under the obligation to justify it by production of pay-rolls of staff.

Art. 2. The prolongation of delay foreseen above applies exactly to the reimbursement of bonds or contracts insurance of capitalization or saving for period, or stipulated as repayable at the choice of the proprietor or bearer.

Art. 3. The arrangement made by the present decree is applicable in Algiers and Tunis.

Art. 4. The present decree will be immediately executed in virtue of article two of the decree of 5th November, 1870.

Art. 5. The Ministers of Foreign Affairs, etcetera, are charged, as far as concerns each of them, with the execution of the present decree.

DOMINION.

SESSIONAL PAPER No. 40b

From Mr. Perley to the Prime Minister.

LONDON, August, 5, 1914.

SIR ROBERT BORDEN,
Ottawa.

Your cable 4th instant,

Postponement of Payments Act, 1914.

(Duration six months).

1. His Majesty may by proclamation authorize the postponement of the payment of any bill of exchange, or of any negotiable instrument, or any other payment in pursuance of any contract to such extent, for such time, and subject to such conditions or other provisions, as may be specified in the proclamation.

2. No additional stamp duty shall be payable in respect of any instrument as a consequence of any postponement of payment in pursuance of a proclamation under this Act, unless the proclamation otherwise directs.

3. Any such proclamation may be varied, extended or revoked, by any subsequent proclamation, and separate proclamations may be made dealing with separate subjects.

4. The proclamation dated the 3rd (2nd) day of August, 1914, relating to the postponement of payment of certain bills of exchange is hereby confirmed and shall be deemed to have been made under this Act.

PROCLAMATION.

WHEREAS in view of the critical situation in Europe and the financial difficulties caused thereby it is expedient that the payment of certain bills of exchange be postponed as appears in this Proclamation,—

NOW THEREFORE We have thought fit by and with the advice of Our Privy Council to issue this Our Royal Proclamation, and we do hereby proclaim, direct, and ordain as follows:

If on the presentation for payment of a bill of exchange, other than a cheque or bill on demand, which has been accepted before the beginning of the 4th day of August, 1914, the acceptor re-accepts the bill by a declaration on the face of the bill in the form set out hereunder, that bill shall for all purposes, including the liability of any drawer or endorser or any other party thereto, be deemed to be due and be payable on a date one calendar month after the date of its original maturity instead of on the day of its original maturity, and to be a bill for the original amount thereof increased by the amount of interest thereon calculated from the date of re-acceptance to the new date of payment at the Bank of England rate current on the date of the re-acceptance of the bill.

FORM OF RE-ACCEPTANCE.

Re-accepted under proclamation for (insert increased sum).

Date

Signature.

PERLEY.

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From the Prime Minister to Mr. Perley.

OTTAWA, August 6, 1914.

PERLEY,
 Dominion,
 London.

Board Trade, Montreal, seriously disturbed over inability of shippers in Canada to finance food shipments to Great Britain as under existing conditions Canadian bankers cannot secure reimbursement in London because of impossibility of getting funds out of England. As Imperial Government if they are making any arrangement to facilitate such transactions. Matter regarded as most important. Can we assist in any way.

BORDEN.

From the Prime Minister to Mr. Perley.

OTTAWA, August 6, 1914.

PERLEY,
 Dominion,
 London.

Informed large number Canadians in United Kingdom and Europe unable to use letters credit or otherwise obtain funds for passage home. If this information correct and if you deem it advisable Government prepared to establish credit of twenty thousand pounds in London to be paid out upon such security and conditions as you may deem proper. Please cable your opinion.

BORDEN.

From the Prime Minister to Mr. Perley.

OTTAWA, August 7, 1914.

PERLEY,
 Dominion,
 London.

Please cable general moratorium proclamation referred to by Lloyd George yesterday. Most important.

BORDEN.

From the Prime Minister to Mr. Perley.

OTTAWA, August 7, 1914.

PERLEY,
 Dominion,
 London.

Most important. Cable immediately whether moratorium announced yesterday covers bank deposits and payment of interest and principal and sinking fund on bonds and other securities.

BORDEN.

SESSIONAL PAPER No. 40b

From the Prime Minister to Mr. Perley.

OTTAWA, August 7, 1914.

PERLEY,
Dominion,
London.

Please wire exact terms British vote for war credit. See my telegram August 2.

BORDEN.

From Mr. Perley to the Prime Minister.

LONDON, August 7, 1914.

Sir ROBERT BORDEN,
Ottawa.

Your cables yesterday. Following proclamations issued 3rd and 4th instant; calling out naval men and fleet reserves, and officers and men naval and naval volunteer reserves; extending service time expired navy men; authorizing Admiralty requisition any British ship within British Isles or waters adjacent; prohibiting exportation certain warlike stores; calling out army reserve and embodying territorial force; continuing soldiers in army service; recalling to active service militia reserve from Ireland and Jersey; authorizing calling into temporary active service officers on reserved and retired lists; suspending compulsory retirement from active list on account of age; assuming control wireless telegraph.

Following is substance proclamation entitled Regarding the Defence of the Realm: Subjects commanded and enjoined to obey and conform to all instructions and regulations which may be issued by King, Admiralty, Army Council, or any officer of Navy or Army, or any other person acting in their behalf, for securing public safety and defence of realm.

Proclamation dated 5th declares state of war and specifies articles to be treated as contraband

DOMINION.

From Mr. Perley to the Prime Minister.

LONDON, August 7, 1914.

Sir ROBERT BORDEN,
Ottawa.

Proclamation dated August 6th extends postponement to all payments due before this date, or payable before the 4th September, in respect of any bill of exchange being a cheque or bill on demand drawn before 4th August, or in respect of any negotiable instrument not being bill of exchange dated before that time, or in respect any contract made before that time, for one calendar month after day on which payment originally due, or to 4th September, whichever is the later date; but payments so postponed shall, if not otherwise carrying interest and if specific demand is made for payment and payment is refused, carry interest until payment as from 4th August, if they become due before that day, or as from date on which they become due, if after that day, at Bank England rate current 7th August. Proclamation does not apply to wages, amounts under five pounds, rates or taxes, maritime freight, any debt from resident outside British Islands, or whose principal place business outside British Islands, nor to dividends or interest payable in respect of

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trustee stocks, nor bank liability in respect of bank notes, nor government payments, nor national insurance, nor workmen's compensation payments, nor trustee savings bank. Bills of exchange under previous proclamation not affected.

DOMINION.

From Mr. Perley to the Prime Minister.

LONDON, August 7, 1914.

Sir ROBERT BORDEN,
Ottawa.

Your cable 6th. Banks opened to-day. So far as can gather will be no great difficulty in cashing letters credit. Giving matter close attention. Intervention does not appear necessary at present. Regarding continent informed position has improved. Will cable you again if necessary.

PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 8, 1914.

PRIME MINISTER,
Ottawa.

Difficult know exactly what effect moratorium has in all directions as interpretation naturally legal question. Have read proclamation and made inquiries. Understand moratorium covers existing bank deposits but not those made subsequent to proclamation. Moratorium does not cover payments on account securities known as trustee investments. Payments on account other bonds and securities past due or payable before September 4th are apparently postponed but not after that date. Moratorium does not in any way affect payment in respect debts due by persons resident outside British Isles. Cabled you first proclamation and also full summary one issued yesterday. Would you like text proclamation by cable?

PERLEY.

From the Prime Minister to Mr. Perley.

OTTAWA, August 8, 1914.

PERLEY,
Dominion,
London.

Cable full text yesterday's proclamation. Ascertain whether London opinion is clear that exception from moratorium of debts due by persons resident outside of British Isles might include Canadian corporations so as to exclude them from the benefits of postponement of interest and other payments upon their securities. By interpretation statutes the word person usually includes corporations.

BORDEN.

SESSIONAL PAPER No. 40b

From Mr. Perley to the Prime Minister.

LONDON, August 8, 1914.

PRIME MINISTER,
Ottawa.

Replying your cable yesterday. Motion made and question proposed in House Commons 6th instant:

That a sum not exceeding one hundred million pounds be granted to His Majesty beyond the ordinary grants of Parliament towards defraying expenses that may be incurred during the year ending March 31st, 1915, for all measures which may be taken for the security of the country, for the conduct of naval and military operations, for assisting the food supply, for promoting the continuance of trade, industry and business communications, whether by means of insurance or indemnity against risk or otherwise, for the relief of distress, and generally for all expenses arising out of the existence of a state of war.

Motion agreed to.

PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 8, 1914.

Prime Minister,
Ottawa.

Further proclamations 5th August prohibiting trading with enemy; prohibiting British vessels carrying contraband from one port to another foreign port; prohibiting exportation from United Kingdom certain warlike stores, provisions, and victuals; notifying British subjects that contributing to German loan or contracting with German Government will be considered high treason; prohibiting exportation to all foreign ports in Europe and on Mediterranean and Black Sea with exception of those of France, Russia, (except Baltic), Spain and Portugal, of arms, ammunition, military or naval stores, and any articles which may be useful in increasing such stores; an order authorizing general or field officers to issue requisitions of emergency and billeting requisitions; revoking two proclamations which prohibited importation arms, ammunition into Ireland.

DOMINION.

From Mr. Perley to the Prime Minister.

LONDON, August 8, 1914.

Prime Minister,
Ottawa.

Have brought to attention Government difficulty financing food shipments from Canada. Will also discuss same with Bank England directors Monday. Financial conditions here much easier. New issue small bank notes well received. All banks open yesterday doing business in ordinary way after four successive bank holidays. Am informed in many cases deposits yesterday larger than withdrawals.

PERLEY.

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From Mr. Perley to the Prime Minister.

LONDON, August 10, 1914.

Prime Minister,
Ottawa.

Second proclamation dated 6th instant for extending the postponement of payments allowed to be made by the Proclamation of 2nd instant to certain other payments:

Whereas under the Postponement of Payments Act, 1914, His Majesty has power by proclamation to authorize the postponement of the payment of any bill of exchange, or any negotiable instrument, or of any other payment in pursuance of any contract to such extent, for such time, and subject to such conditions, or other provisions, as may be specified in the Proclamation:

And Whereas it is expedient that provision should be made for the purpose of such postponement of payment, in addition to the provision already made by Our Proclamation dated the 2nd day of August, 1914, relating to postponement of payment of certain bills of exchange,—

Now, Therefore, We have thought fit by and with the advice of Our Privy Council to issue this Our Royal Proclamation and we do hereby proclaim, direct and ordain as follow:

Save as hereinafter provided all payments which have become due and payable before the date of this Proclamation, or which will become due and payable on any day before the beginning of the 4th day of September, 1914, in respect of any bill of exchange being a cheque or bill on demand, which was drawn before the beginning of the 4th day of August, 1914, or in respect of any negotiable instrument not being a bill of exchange dated before that time, or in respect of any contract made before that time, shall be deemed to be due and payable on a day one calendar month after the day on which the payment originally became due and payable, or on the 4th day of September, 1914, whichever is the later date, instead of on the day on which the payment originally became due; but payments so postponed shall, if not otherwise carrying interest and if specific demand is made for payment and payment is refused, carry interest until payment as from the 4th day of August, 1914, if they became due and payable before that day, and as from the date on which they become due and payable if they become due and payable on and after that day, at the Bank of England rate current on the 7th day of August, 1914; but nothing in this Proclamation shall prevent payments being made before the expiration of the month for which they are so postponed.

This proclamation shall not apply to:—

- (1) Any payment in respect of wages or salary;
- (2) Any payment in respect of a liability which when incurred did not exceed five pounds in amount;
- (3) Any payment in respect of rates or taxes;
- (4) Any payment in respect of maritime freight;
- (5) Any payment in respect of any debt from a person resident outside the British Islands, or from any firm, company or institution whose principal place of business is outside the British Islands not being a debt incurred in the British Islands by a person, firm, company or institution having a business establishment or branch business establishment in the British Islands;
- (6) Any payment in respect of any dividend or interest payable in respect of any stocks, funds or securities other than real or heritable securities in which trustees are, under section one of the Trustee Act, 1893, or any other Act for the time being in force, authorized to invest;

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(7) Any liability of a Bank of issue in respect of Bank notes issued by that Bank;

(8) Any payment to be made by or on behalf of His Majesty, or any government department, including the payment of old age pensions;

(9) Any payment to be made by any person or society in pursuance of the National Insurance Act, 1911, or any Act amending that Act, whether in the nature of contribution, benefits or otherwise;

(10) Any payment under the Workman's Compensation Act, 1906, or any Act amending the same;

(11) Any payment in respect of the withdrawal of a deposit by a depositor in a trustee savings bank.

Nothing in this Proclamation shall affect any bills of exchange to which our Proclamation dated 2nd day of August, 1914, relating to the Postponement of Payment of Certain Bills of Exchange, applies.

(Sgd.) PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 10, 1914.

Prime Minister,
Ottawa.

Have cabled you full text moratorium proclamation. Fifth exception explains about persons, firms, companies, and institutions outside the British Islands who do not get benefits of postponement. Moratorium apparently intended to postpone debts here but none from abroad. Will discuss matter further with Bank of England directors to-day.

(Signed) PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 10, 1914.

Prime Minister,
Ottawa.

Directors Bank England think my interpretation moratorium correct. No debt due from outside British Isles is postponed unless incurred here by person, firm, company, or institution having business establishment or branch business in British Isles. No doubt further alterations in moratorium may come later on. Subject hurriedly discussed and arranged, and it is really wonderful how quiet everything is here, and how much financial situation has improved. Bank directors say arrangements finance food shipments from Canada and United States are being considered and no doubt satisfactory way will be found.

(Signed) PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 10, 1914.

Prime Minister,
Ottawa.

Proclamation of the 5th prohibited export of forage and feed of all kinds for animals, provisions and victuals of all sorts which may be used as food for men.

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Bill to enable Board of Trade, during present war, to take possession of food-stuffs unreasonably withheld reads, after usual preamble, as follows:

1. If the Board of Trade are of opinion that any foodstuff is being unreasonably withheld from the market they may, if so authorized by His Majesty's proclamation made generally, or, as respects any particular kind of foodstuff, in the manner provided by the proclamation, take possession of any supplies of foodstuff to which the proclamation relates, paying to the owners of the supplies such price as may in default of agreement be decided to be reasonable, having regard to all the circumstances of the case, by the arbitration of a judge of the High Court selected by the Lord Chief Justice of England.

2. (1) This Act may be cited as the Unreasonable Withholding of Food supplies Act, 1914.

(2) This Act shall have effect only while a state of war exists between His Majesty and any foreign power.

(Signed) PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 13, 1914.

PRIME MINISTER,
Ottawa.

Proclamation dated 12th August extends to Austria-Hungary the scope of proclamations and Orders in Council previously applying to state of war with Germany prohibiting dealings of any kind and classifying Austro-Hungarian ships as belonging to enemy.

(Sgd.) PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 13, 1914.

PRIME MINISTER,
Ottawa.

Further proclamation dated August 12th for postponement of payments:—

Whereas it is expedient to extend Our Proclamation dated the 6th day of August, 1914, relating to the postponement of payments, so as to cover bills of exchange under certain circumstances and also payments in respect of any debt from any bank whose principal place of business is in any part of His Majesty's Dominions or any British Protectorate,—

Now, Therefore, We have thought fit by and with the advice of Our Privy Council to issue this Our Royal Proclamation and we do hereby proclaim, direct, and ordain as follows:—

Notwithstanding anything contained in the said Proclamation dated the 6th day of August, 1914, relating to the postponement of payments that Proclamation shall apply and shall be deemed always to have applied:—

(1) To any bill of exchange which has not been reaccepted under our proclamation dated the 2nd day of August, 1914, as it applies to a bill of exchange being a cheque or bill on demand, unless on the presentation of the bill the acceptor has expressly refused.

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reacceptance thereof, but with the substitution as respects rate of interest of the date of the presentation of the bill for the 7th day of August, 1914, and;

(2) Also to payments in respect of any debt from any bank whose principal place of business is in any part of His Majesty's Dominions or any British Protectorate although the debt was not incurred in the British Islands and the bank had not a business establishment or branch business establishment in the British Islands.

(Sgd.) PERLEY.

From Mr. Perley to the Prime Minister.

LONDON, August 13, 1914.

PRIME MINISTER,
Ottawa.

Following announcement made this morning.

The Bank of England are prepared on the application of the holder of any approved bill of exchange accepted before August 4th, 1914, to discount at any time before its due date at bank rate without recourse to such holder, and upon its maturity the Bank of England will in order to assist the resumption of normal business operation give the acceptor the opportunity until further notice of postponing payment, interest being payable in the meantime at two per cent over bank rate varying.

Arrangements will be made to carry this scheme into effect so as to preserve all existing obligations. The Bank of England will be prepared for this purpose to approve such bills of exchange as are customarily discounted by them and also good trade bills and the acceptances of such foreign and colonial firms and bank agencies as are established in Great Britain.

(Sgd.) PERLEY.

